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# ECONOMICS

(**Two Hours**)

*Answers to this Paper must be written on the paper provided separately.*

*You will **not** be allowed to write during the first 15 minutes.*

*This time is to be spent in reading the question paper.*

*The time given at the head of this Paper is the time allowed for writing the answers.*

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**Attempt all questions from Section A and any four questions from Section B.**

*The intended marks for questions or parts of questions are given in brackets [ ].*

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## **SECTION A (40 Marks)**

*Attempt all questions from this Section*

### **Question 1**

- (a) How does land differ from other factors of production with respect to its [2] supply?
- (b) What is meant by cost push inflation? [2]
- (c) With the help of a diagram define perfectly elastic demand. [2]
- (d) Identify the type of division of labour in an automobile industry. Explain. [2]
- (e) With suitable examples differentiate between complementary goods and [2] substitute goods.

### **Question 2**

- (a) Why is supply directly proportional to price? [2]
- (b) Explain briefly any one determinant of an exceptional demand curve. [2]
- (c) What is meant by unproductive public debt? [2]
- (d) Mention one contingent function of money. [2]
- (e) Explain briefly the impact of cost of production on elasticity of supply. [2]

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**Question 3**

- (a) How does proportional tax differ from progressive tax? [2]
- (b) Capital depreciates. Explain. [2]
- (c) What is meant by double coincidence of wants? How does money overcome this problem? [2]
- (d) Expand COPRA. What is its objective? [2]
- (e) Indirect taxes sometimes help in social reforms. Explain. [2]

**Question 4**

- (a) Distinguish between fixed capital and floating capital. [2]
- (b) How does money act as a standard of deferred payment? [2]
- (c) Define public expenditure? [2]
- (d) What is meant by consumer awareness? [2]
- (e) Mention one difference between demand deposits and time deposits. [2]

**SECTION B (40 Marks)**

*Attempt **any four** questions from this Section*

**Question 5**

- (a) Define labour. Suggest three methods to improve the efficiency of Indian labour. [5]
- (b) What is meant by capital formation? Explain three causes of low capital formation in India. [5]

**Question 6**

- (a) Mention an important difference between a Commercial Bank and the Central Bank. Explain briefly three methods adopted by Commercial Banks to advance credit to borrowers. [5]
- (b) Define the term 'Entrepreneur'. Discuss three ways by which an entrepreneur promotes economic growth. [5]

### **Question 7**

(a) With the help of a suitable diagram explain the meaning of rightward shift [5] in the demand curve. Explain briefly any two of its determinants.

(b) Name the institution which enjoys the monopoly of note issue. Explain the [5] following functions of this institution:

- Bankers Bank
- Banker to the Government

### **Question 8**

(a) State the law of supply. Explain any three factors other than price which [5] determine supply in the market.

(b) Explain the meaning of the following terms: [5]

- Impact
- Shifting
- Incidence

To which tax are these terms relevant? Explain any one merit and two demerits of this tax.

### **Question 9**

(a) Mention one way by which consumers are exploited in the market. [5]  
Explain clearly three reasons as to why consumers are exploited.

(b) Public expenditure in India has increased over the years. Explain four [5] principle reasons for its increase.

### **Question 10**

(a) (i) What is meant by the term 'Inflation'? What is its impact on [5] debtors?  
(ii) Explain the following:

1. Creeping inflation
2. Walking inflation
3. Hyper inflation

(b) With the help a suitable example explain the meaning of geographical or [5] territorial division of labour. Discuss any three advantages of division of labour.

